

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of the Nebraska Public Service Commission, on its own motion, to make adjustments to the universal service fund mechanism established in NUSF-26.)	Application No. NUSF-50
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In the Matter of the Commission, on its own motion, seeking to determine the level of the fund necessary to carry out the Nebraska Telecommunications Universal Service Fund Act.)	Application No. NUSF-4
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**DIRECT TESTIMONY OF SUE VANICEK
ON BEHALF OF THE RURAL INDEPENDENT COMPANIES**

I. Introduction - Witness Background.

Q. PLEASE STATE YOUR NAME, EMPLOYER, BUSINESS ADDRESS AND TELEPHONE NUMBER.

A. My name is Sue Vanicek. I am employed with Consortia Consulting f/k/a TELEC Consulting Resources, Inc. ("Consortia"). My business address is 233 South 13th Street, Suite 1225, Lincoln, Nebraska 68508. My business telephone number is (402) 441-4315.

Q. ON WHOSE BEHALF ARE YOU TESTIFYING?

A. I am testifying on behalf of the Nebraska Rural Independent Telephone Companies (to be referred to as the "Companies").¹ The Companies provide local exchange and exchange access services predominantly in the more rural parts of Nebraska.

Q. WHAT IS YOUR CURRENT POSITION?

A. I am a Senior Consultant at Consortia which assists local exchange telephone companies in regulatory analysis and representation, as well as evaluation of financial and operational decisions.

Q. WHAT ARE YOUR DUTIES AND RESPONSIBILITIES AT CONSORTIA?

¹ The Companies are: Arlington Telephone Company, The Blair Telephone Company, Cambridge Telephone Company, Clarks Telecommunications Co., Consolidated Telco Inc., Consolidated Telecom, Inc., Consolidated Telephone Company, Eastern Nebraska Telephone Company, Great Plains Communications, Inc., Hartington Telecommunications Co., Inc., Hershey Cooperative Telephone Co., K & M Telephone Company, Inc., The Nebraska Central Telephone Company, Northeast Nebraska Telephone Company, Rock County Telephone Company, Stanton Telecom Inc., and Three River Telco.

1 A. I monitor and analyze state and federal regulatory proposals that could affect our clients'
2 operations, and advise them of potential impacts. I work with our clients to develop
3 responses to regulatory proposals, including comments and testimony. The most
4 common issues I work with are universal service and a host of regulations that have
5 resulted as the Telecommunications Act of 1996 has been implemented.
6

7 Q. WHAT WAS YOUR EXPERIENCE PRIOR TO YOUR CURRENT POSITION?
8

9 A. I have worked in the telecommunications industry for 21 years. Prior to my position at
10 Consortia, I was employed by Lincoln Telephone/Aliant Communications. I held a
11 variety of positions specializing in regulatory and legislative analysis and strategic
12 planning. My most recent position at Aliant Communications was Economic Costs and
13 Analysis Manager. In that position I was responsible for managing the development of
14 cost information, both forward-looking and historical, and for analyzing and developing
15 responses to state and federal regulatory proposals on issues such as universal service.
16

17 Q. WHAT IS YOUR EDUCATIONAL BACKGROUND?
18

19 A. I have a Master of Arts degree in Economics and a Bachelor of Science degree in
20 Business Administration, both from the University of Nebraska-Lincoln.
21

22 **II. Purpose of This Testimony**
23

24 Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?
25

26 A. The purpose of my testimony is to present the Companies' policy and legal concerns
27 about the possible changes to the NUSF that the Commission proposes to make in NUSF-
28 50. I will also present proposed alternatives to the Commission's recommended
29 reduction in NUSF support of about \$23 million.
30

31 **III. Many of the Findings of the November 3, 2004 Order in Application No. NUSF-26**
32 **Regarding the Permanent NUSF Support Mechanism Reflect the Requirements of**
33 **the NTUSF Act; thus, the Permanent NUSF Support Mechanism Cannot Be**
34 **Significantly Altered Without Affecting the Finding that the Permanent NUSF**
35 **Support Mechanism Meets the Requirements of the NTUSF Act.**
36

37 Q. PARAGRAPH 11 OF THE NOVEMBER 3, 2004 ORDER IN APPLICATION NO.
38 NUSF-26 STATES: "THE COMMISSION FINDS THE PROPOSED
39 METHODOLOGY FOR THE CALCULATION OF SUPPORT IS SPECIFIC,
40 SUFFICIENT AND PREDICTABLE CONSISTENT WITH § 86-323." IN YOUR
41 OPINION, DO THE CHANGES TO THE PERMANENT SUPPORT MECHANISM
42 SET FORTH IN THE STAFF PROPOSAL STILL ALLOW FOR A FINDING THAT
43 THE PERMANENT MECHANISM PROVIDES PREDICTABLE SUPPORT?
44

45 A. No, such changes would undermine or eliminate the predictability of the NUSF support
46 mechanism. As Mr. Pfister mentioned in his testimony, the Commission is proposing to

1 reduce the total amount of NUSF support distributed annually by \$23.4 million, or 34.3
2 percent for the 2007 fund year. A decrease of this magnitude is not predictable. As to
3 impacts on individual carriers, some carriers would experience reductions of greater than
4 the 34.3 percent reduction in the overall NUSF support distributed, and a few carriers
5 would lose all of their NUSF support. Such a result cannot be considered to predictable.
6

7 Q. IN YOUR OPINION, DO THE CHANGES TO THE PERMANENT SUPPORT
8 MECHANISM SET FORTH IN THE STAFF PROPOSAL STILL ALLOW FOR A
9 FINDING THAT THE PERMANENT MECHANISM PROVIDES SUFFICIENT
10 SUPPORT?
11

12 A. No, in my opinion, such changes would result in the NUSF becoming insufficient. In the
13 November 3, 2004 Order, the Commission stated that it “finds the baseline support
14 allocation is sufficient.” At that point in time the Companies agreed with this statement
15 because the amount of support being distributed was roughly equal to the amount of
16 support distributed under the transitional NUSF mechanism, which had generally
17 replaced implicit support eliminated through access charge reductions with explicit
18 support from the NUSF. However, a reduction in support of about 34.3 percent for the
19 entire Fund, with reductions of much greater magnitude for individual companies as I just
20 indicated, causes the Permanent NUSF to become insufficient.
21

22 Q. THE CLOSING STATEMENT OF PARAGRAPH 11 OF THE NOVEMBER 3, 2004
23 ORDER IN APPLICATION NO. NUSF-26 STATES THAT THE “METHODOLOGY .
24 . . PROVIDES COMPANIES WITH A *SPECIFIC* MODEL FOR DETERMINING THE
25 AMOUNT OF SUPPORT AVAILABLE FOR DISTRIBUTION,” (EMPHASIS
26 ADDED) AND THAT “THE COMMISSION FINDS THE PROPOSED
27 METHODOLOGY FOR THE CALCULATION OF SUPPORT IS *SPECIFIC* . . .”
28 (EMPHASIS ADDED) IN YOUR OPINION, DO THE CHANGES TO THE
29 PERMANENT SUPPORT MECHANISM SET FORTH IN THE STAFF PROPOSAL
30 STILL ALLOW FOR A FINDING THAT THE METHODOLOGY UTILIZED IN THE
31 PERMANENT MECHANISM IS SPECIFIC?
32

33 A. In my opinion such a finding is no longer supportable. The changes proposed by the
34 Commission were not contemplated when the Commission adopted the permanent NUSF
35 support methodology and stated that the methodology was specific. Furthermore, given
36 that the proposed changes to the NUSF support methodology would make NUSF support
37 amounts dependent upon the amounts received for access and universal service in the
38 interstate jurisdiction, which is in a state of flux as discussed by Mr. Pfister, the
39 methodology is less specific, as changes being contemplated for access and universal
40 service in the interstate jurisdiction make such cost recovery sources less specific.
41

42 Q. PARAGRAPH 10 OF THE NOVEMBER 3, 2004 ORDER IN APPLICATION NO.
43 NUSF-26 STATES THAT “ACCESS TO TELECOMMUNICATIONS AND
44 INFORMATION SERVICES SHOULD BE AFFORDABLE AND COMPARABLE IN
45 RURAL AND URBAN AREAS THE AFFORDABILITY COMPONENT IS
46 NECESSARY TO MEET OTHER UNIVERSAL SERVICE PRINCIPLES OUTLINED

1 IN § 86-323.” THE COMMISSION THEN REAFFIRMED THE \$17.50 RESIDENTIAL
2 BENCHMARK. IN YOUR OPINION WOULD RAISING THE URBAN
3 BENCHMARK TO \$17.95 AND THE RURAL BENCHMARK TO \$19.95 CONTINUE
4 TO MEET THE STATUTORY REQUIREMENT THAT UNIVERSAL SERVICE
5 MUST BE PROVIDED AT AFFORDABLE RATES?
6

7 A. No. Nebraska’s basic local service rates are currently above the national average, while
8 incomes in many areas of the state are below the national average. Nebraska’s minimum
9 monthly local service charges for residential customers served by rural incumbent local
10 exchange carriers, including the federal subscriber line charge and all applicable federal
11 and state taxes and surcharges were \$ 28.28 per month as of October 15, 2005. This
12 compares with the national average residential monthly local service charges of \$ 24.74
13 as of October 15, 2005.² Furthermore, while Nebraska’s minimum monthly local service
14 charges for residential customers are well above the national average, per capita personal
15 income in rural areas of Nebraska is well below the national average. For example, in
16 2004, per capita personal income for the United States was \$33,050, while it was only
17 \$28,143 for non-metropolitan areas in Nebraska.³ Raising the benchmark even higher,
18 especially for rural areas, will only exacerbate the difference between Nebraska’s rates
19 and incomes compared to national rates and incomes. Therefore, I do not believe that a
20 combination of rates that are above the national average along with incomes that are
21 below the average can result in what can be considered to be an affordable rate.
22

23 Q. THE PORTIONS OF THE NUSF-26 ORDER QUOTED IN THE PREVIOUS
24 QUESTION ALSO ADDRESS COMPARABILITY. THE COMMISSION STATED IN
25 PARAGRAPH 10 OF SUCH ORDER “IN ORDER TO KEEP RATES COMPARABLE,
26 THE COMMISSION HAS USED A RESIDENTIAL ACCESS LINE BENCHMARK
27 OF \$17.50 DURING THE TRANSITION PERIOD AND PROPOSES TO KEEP THAT
28 BENCHMARK IN PLACE FOR RESIDENTIAL SERVICE.” FURTHER, IN
29 PARAGRAPH 79 OF SUCH ORDER THE COMMISSION DETERMINED THAT
30 ZONE END-USER CHARGES WERE INCOMPATIBLE WITH THE GOAL OF
31 RATE COMPARABILITY REQUIRED IN § 86-323(3). IN YOUR OPINION,
32 WOULD RAISING THE URBAN BENCHMARK TO \$17.95 AND THE RURAL
33 BENCHMARK TO \$19.95 CONTINUE TO MEET THE STATUTORY
34 REQUIREMENT THAT UNIVERSAL SERVICE MUST BE PROVIDED AT
35 COMPARABLE RATES?
36

37 A. No. To keep rates comparable, the Commission previously chose a single benchmark
38 rate for both urban and rural areas. Furthermore, it sought to eliminate zone charges in
39 order to foster the goal of rate comparability. Proposing a higher benchmark rate for
40 rural areas than for urban areas is a direct contradiction to the Commission’s findings of
41 two years ago. In addition, I believe the proposal to raise the rural benchmark to \$19.95
42 would not be viewed as resulting in comparable rates when examined in terms of

² See Federal Communications Commission, Reference Book of Rates, Price Indices, and Household Expenditures for Telephone Service, 2006, at Table 1.1.

³ See <http://www.bea.gov/bea/regional/reis/default.cfm?catable=CA1-3§ion=2> for income data.

standards developed by the Federal Communications Commission ("FCC"). For example, the FCC had adopted two standard deviations around the average national urban rate as a standard for comparability of rates to be used in evaluating its non-rural high-cost universal service support mechanism. The U.S. Court of Appeals for the Tenth Circuit rejected this determination, finding that "the Commission erred in premising its consideration of the term 'preserve' on the disparity of rates existing in 1996 while ignoring its concurrent obligation to advance universal service, a concept that certainly could include a narrowing of the existing gap between urban and rural rates." Even at two standard deviations around the average urban rate in Nebraska of \$17.95, the highest rate that would be comparable under the FCC's standard would be \$18.55. Therefore, I do not believe that an increase in the rural benchmark rate to \$19.95 will result in comparable rates when considering Commission precedent, as well as standards developed by other regulatory agencies such as the FCC.

IV. The Federal Universal Service Fund ("FUSF") Imputation is Inappropriate and It Should Not Be Implemented.

Q. THE COMMISSION IS PROPOSING TO IMPUTE TO THE STATE EARNINGS CALCULATION THE MINIMUM OF EITHER THE TOTAL FEDERAL UNIVERSAL SERVICE FUNDS RECEIVED BY A CARRIER, OR THE TOTAL INTERSTATE OVER-EARNINGS RELATIVE TO THE AUTHORIZED FEDERAL RATE OF RETURN BENCHMARK OF 11.25 PERCENT. IS THIS A DEPARTURE FROM PREVIOUS COMMISSION POLICY?

A. Yes it is. In the Commission's January 13, 1999 Order entered in Application No. C-1628, the Commission found that each eligible carrier should be provided the option to elect to focus its rate-of-return review on either a total company, jurisdictional (intrastate), or supported services basis. The Commission maintained this option in the November 3, 2004 order in Application No. NUSF-26 (paragraph 61) by affording the carrier the option to elect three alternative earnings reporting methods. Hereafter I will refer to the imputation of the minimum of either total federal universal service funds received or total interstate overearnings as the "FUSF imputation." The FUSF imputation puts a carrier in the same position with regard to earnings as if it had filed its NUSF-EARN form on a total company basis if total interstate overearnings are used in the imputation calculation. Therefore, the FUSF imputation effectively eliminates the option to elect three alternative views of earnings, a policy that has been in effect since 1999.

Q. IS THERE ANY POLICY BASIS FOR THE FUSF IMPUTATION YOU HAVE JUST DESCRIBED?

A. Not in my opinion. The Commission offers no rationale as to why the calculation of NUSF support should be changed to take into account the FUSF imputation.

Q. ARE THERE POLICY REASONS WHY THE COMMISSION SHOULD NOT IMPLEMENT THE PROPOSED FUSF IMPUTATION?

1
2 A. Yes. The FCC has indicated with regard to universal service support that “. . . the primary
3 federal role is to enable reasonable comparability among states (i.e., to provide states
4 with sufficient support so that states can make local rates reasonably comparable among
5 states), and the primary role of each state is to ensure reasonable comparability within its
6 borders. . . .”⁴ The federal universal service support mechanism is designed to cover
7 costs that substantially exceed the national average.⁵ By calculating support in this
8 manner, no state should face rates that are significantly higher than states elsewhere.⁶
9 Because federal support is intended to address local rate differences between states, it
10 would be inappropriate to consider such support in determining NUSF support
11 requirements, as NUSF support should be calculated to ensure reasonable rate
12 comparability among carriers in Nebraska.
13

14 The Telecommunications Act of 1996 (the “Act”) indicates that state universal service
15 support mechanisms are to operate independently of federal universal service support
16 mechanisms. Section 254(f) of the Act states in part “[a] state may adopt regulations to
17 provide for additional definitions and standards to preserve and advance universal
18 service within that State only to the extent that such regulations adopt additional specific,
19 predictable, and sufficient mechanisms to support such definitions or standards that do
20 not rely on or burden Federal universal service support mechanisms.” (emphasis added)
21 If the Commission were to impute federal universal service support amounts received
22 into its calculation of NUSF support requirements, it would be relying on the federal
23 universal service support mechanism to fund a portion of the NUSF support requirement.
24 That is, for some carriers, the Commission would be reducing NUSF support one dollar
25 for each dollar of FUSF support received. Such a reliance on FUSF support for NUSF
26 support would be in violation of the Act.
27

28 Q. ALTHOUGH YOU DISFAVOR IMPLEMENTATION OF FUSF IMPUTATION AS
29 PROPOSED, HYPOTHETICALLY, IF THE COMMISSION WERE TO ADOPT SUCH
30 A PROPOSAL, WHAT MODIFICATIONS TO SUCH PROPOSAL WOULD YOU
31 SUGGEST?
32

33 A. I do not think that it is appropriate to include Interstate Common Line Support (“ICLS”) or
34 Local Switching Support (“LSS”) in the calculation of the FUSF imputation. These
35 mechanisms were established by the FCC to recover costs formerly embedded in
36 interstate access rates (that is, the carrier common line charge (which included a portion
37 of the transport interconnection charge) and higher local switching rates) from an explicit
38 fund. The FCC found that the Act allowed competition, which could erode implicit
39 support for universal service. Therefore, the FCC instituted LSS and ICLS to convert
40 implicit support for universal service to explicit support. LSS and ICLS costs continue to

⁴ See *Federal-State Joint Board on Universal Service*, CC Docket No. 96-45, Ninth Report & Order and Eighteenth Order on Reconsideration, FCC 99-306 (“*Ninth Report and Order on Universal Service*”) (rel. Nov. 2, 1999) at para. 38.

⁵ Id. at para. 25.

⁶ Ibid.

1 be interstate in nature, and the associated revenue for these costs also remains interstate
2 in nature. Furthermore, the proposal to impute interstate earnings is not symmetrical.
3 For example, under the proposal, interstate earnings in excess of the interstate authorized
4 11.25 percent rate-of-return ("ROR") would be applied to the intrastate jurisdiction and
5 could potentially reduce NUSF support received by a carrier, whereas earnings below the
6 11.25 percent ROR cannot be recovered from the NUSF.

7
8 I also think that it is not appropriate to include ICLS and LSS in the calculation of the
9 FUSF imputation because these support mechanisms were designed to support transport
10 and switching costs, respectively. The Commission has indicated that thus far the
11 permanent NUSF support mechanism has been focused on providing support for the
12 network components used to provide access to basic local exchange service through the
13 local loop.⁷ Therefore, ICLS and LSS provide support for network components that are
14 not currently being supported by the NUSF.

15
16 **V. The NUSF Should Be Appropriately Sized to Meet Statutory Obligations.**
17 **Therefore, the Companies Recommend that the Commission Increase the NUSF**
18 **Surcharge and Assess All Appropriate Services in Order to Meet Statutory**
19 **Obligations Associated with the NTUSF Act.**

20
21 Q. IN YOUR OPINION, HOW DOES IT APPEAR THAT THE COMMISSION HAS
22 DETERMINED THE SIZE OF THE REDUCTION IN NUSF SUPPORT TO BE
23 DISTRIBUTED AND THE RESULTING TOTAL AMOUNT OF NUSF SUPPORT
24 PROPOSED TO BE DISTRIBUTED IN 2007?

25
26 A. Based on the testimony presented by Mr. Jeffrey Pursley, Director of the NUSF, at the
27 June 6, 2006 hearing in Application No. NUSF-4, the purpose of the Application No.
28 NUSF-50 proceeding is to determine "how to make up for the shortfall which the fund
29 will experience by the reduction in the surcharge." Such a statement indicates that the
30 amount of NUSF support to be distributed was "backed into," that is, the amount of
31 NUSF support to be distributed is being determined as a residual amount based upon fund
32 collections, fund distributions, and the current fund balance. The above statement
33 appears to indicate that the NUSF support to be distributed as proposed in Application
34 No. NUSF-50 was not established by determining an appropriate amount of support to
35 meet Commission-established goals and statutory principles for universal service.

36
37 Q. IN YOUR OPINION, SHOULD THE COMMISSION INCREASE THE NUSF
38 SURCHARGE IN ORDER TO MEET THE STATUTORY PRINCIPLES THAT NUSF
39 SUPPORT SHOULD BE "SPECIFIC, SUFFICIENT AND PREDICTABLE"
40 CONSISTENT WITH § 86-323?

41
42 A. Yes. As I've discussed previously, a reduction in NUSF support distributed of the
43 magnitude suggested by the Commission, which appears to be precipitated by the

⁷ See *The Nebraska Public Service Commission, on its own Motion, Seeking to Establish a Long-term Universal Service Funding Mechanism*, Application No. NUSF-26, Findings and Conclusions (entered Nov. 3, 2004) at para. 44.

1 reduction in the NUSF surcharge, would not result in NUSF support that is "specific,
2 sufficient and predictable." Therefore, in order to collect sufficient contributions such
3 that the amount NUSF support distributed is "specific, sufficient and predictable," an
4 increase in the NUSF surcharge is necessary.
5

6 Q. ARE YOU IN A POSITION TO OFFER AN OPINION AS TO THE LEVEL TO
7 WHICH THE SURCHARGE WOULD NEED TO BE RAISED IN ORDER TO
8 COMPLY WITH THE STATUTORY DIRECTIVE THAT NUSF SUPPORT IS
9 "SPECIFIC, SUFFICIENT AND PREDICTABLE?"
10

11 A. Given that I do not have information on the current NUSF balance, the most current
12 projections for NUSF contributions and recent NUSF contribution history, I can only
13 estimate that the surcharge would need to be increased to a range of 7.45 to 7.75 percent
14 in order to restore NUSF distributions to the 2006 level. I believe that restoring NUSF
15 distribution to the 2006 level would result in "specific, sufficient, and predictable"
16 support.
17

18 Q. IN YOUR OPINION, ARE THERE ANY SERVICES UPON WHICH THE
19 COMMISSION SHOULD ASSESS THE NUSF SURCHARGE THAT ARE NOT
20 CURRENTLY BEING ASSESSED?
21

22 A. Yes. On September 26, 2006, the Commission entered Progression Order No. 18 in
23 Application No. NUSF-1, which proposes that interconnected voice over Internet
24 protocol ("VoIP") service providers that offer such service in Nebraska should contribute
25 to the NUSF. Given that the FCC issued a Report and Order and Notice of Proposed
26 Rulemaking in which it adopted a policy to require all interconnected VoIP services to
27 contribute to the FUSF, an examination of whether interconnected VoIP service providers
28 should contribute to the NUSF when such service is offered in Nebraska is appropriate.
29 The Companies believe that requiring interconnected VoIP service providers offering
30 service in Nebraska to contribute to the NUSF would be competitively neutral and would
31 expand the base of services supporting the NUSF.
32

33 **VI. In the Event That Any Reductions in NUSF are Made, the Commission Should First**
34 **Reduce the Amount Distributed Through the Transition Mechanisms. If Sufficient**
35 **Reductions Cannot be Achieved, Any Further Reductions Should Occur as Cuts to**
36 **the Base Support Allocation.**
37

38 Q. YOU HAVE RECOMMENDED THAT THE COMMISSION INCREASE THE NUSF
39 SURCHARGE SUCH THAT IT IS NOT NECESSARY TO REDUCE THE TOTAL
40 AMOUNT OF NUSF SUPPORT DISTRIBUTED. IN THE EVENT THAT THE
41 COMMISSION DOES NOT INCREASE THE NUSF SURCHARGE SUCH THAT
42 THE AMOUNT COLLECTED WOULD CONTINUE TO FUND THE CURRENT
43 LEVEL OF NUSF DISTRIBUTIONS, HOW WOULD YOU SUGGEST THAT THE
44 COMMISSION MODIFY THE PERMANENT NUSF SUPPORT MECHANISM TO
45 ACCOMMODATE A REDUCTION IN THE AMOUNT OF NUSF SUPPORT
46 DISTRIBUTED?

1
2 A. As the Companies recommended in their April 14, 2006 comments filed in this
3 proceeding, if any reductions in NUSF support distributed are necessary, such reductions
4 should be targeted to reducing the amount of support distributed through the transitional
5 mechanisms of per-line backstop and over-earnings redistribution ("OER"). The
6 transitional mechanisms were designed to allow carriers that were to receive decreased
7 support under the permanent mechanism to make adjustments to the decreased support
8 level. The transitional mechanisms were designed to last for a period of five years.
9 Given these features, it is clear that carriers receiving transitional support will need to
10 make adjustments in their operations due to the decreased amount of permanent NUSF
11 support that such carriers would receive in the 2010 support year. A gradual reduction in
12 transitional support will allow carriers that receive transitional support to make
13 incremental adjustments to their operations in response to a reduced level of support,
14 whereas a "flash cut" reduction of NUSF support in the 2010 support year could be more
15 problematic in that carriers may need to plan for a sizable reduction of support at once.
16 In the event that a reduction in the amount of transitional NUSF support distributed is not
17 sufficient to bridge the shortfall of NUSF collections compared to distributions, the
18 Companies recommend that the Commission reduce the base support allocation that is
19 distributed through the SAM model. Distributing a reduction in NUSF support across all
20 carriers in this manner would be more equitable than many of changes to the permanent
21 NUSF support mechanism advocated in the Commission proposal in this proceeding. As
22 I mentioned previously, there is no policy rationale offered for many of the
23 Commission's proposed changes to the permanent NUSF support mechanism. As such, I
24 believe it is preferable to distribute any reductions in support, following a reduction in
25 support distributed through the transitional mechanism, by reducing the base support
26 allocation. Reducing the amount of NUSF support distributed in the manner I have just
27 described would be consistent with previous Commission findings regarding the efficacy
28 of the permanent NUSF support mechanism in fulfilling Commission-established NUSF
29 goals and statutory principles for the NUSF.

30
31 Q. DOES THIS CONCLUDE YOUR TESTIMONY?

32
33 A. Yes, it does.